
GEORGIA REVENUE QUARTERLY



Sonny Perdue, Governor

T. Jerry Jackson, Commissioner

DOR Touts Electronic Filing, 2-D Bar Code Advantages

Want to get your refund faster? File electronically. That's the message the Department of Revenue is stressing to tax preparation professionals and individuals doing their own taxes.

"Georgia's budget tightening will limit the number of seasonal employees the Department can hire during this year's tax season," said Lannie Green, Director of the Department's processing center in Hapeville. "This will result in the slower processing of paper returns and the issuing of refunds compared to previous years."

However, the shortage of temporary personnel will have minimal impact on electronically filed returns.

"Refunds generated by an electronic return will typically be issued within 21 days. Paper generated refunds will take three to four times longer to be issued, explained Bobby Goolsby, Director of the Department's Income Tax Division.

Last year, approximately 1.5 million of the 3.6 million returns processed by the Georgia Revenue Department were filed electronically. Nationally, approximately 36 percent of all federal individual income tax returns were filed electronically.

Tax professionals who choose not to file electronically should only use software that puts a 2-D barcode on paper returns. The barcode contains all the data on the return and can be scanned directly into the Department's tax processing system.

"Taxpayers can anticipate getting their refund approximately two weeks sooner if the return contains a 2-D bar code compared to a return without a bar code," said Goolsby.

Last year, the Department processed

648,346 returns containing a 2-D bar code.

The Georgia Department of Revenue has approved software from the following vendors to generate 2-D bar codes: CCH (Prosystems), Creative Solutions (Ultra Tax), Drake, H&R Block (tax preparation offices only), Intuit (Turbo Tax), Petz Enterprise (Crosslinks), Second Story Software (TaxACT), STF (Super Form), and Taxworks

Continued on page 2 Georgia Joins Federal Offset Program

In November, the Georgia Department of Revenue sent notices to 49,300 delinquent Georgia taxpayers notifying them of the Department's intent to collect the taxes owed the state from their 2002 federal refund if they are due a refund.

The taxpayers, who were notified by certified mail, had 60 days to respond with full payment to avoid having their name included in the database submitted to the Financial Management Service. The FMS is a bureau of the United States Treasury that administers the program for the Internal Revenue Service

As of January 3, the Department had collected approximately \$813,000 from taxpayers responding to the mailing. The total liability of the 49,300 delinquent taxpayers is \$106,028,530.74.

The Treasury Offset Program is authorized by Public Law 105-206 that was passed in 1998. It authorizes the federal government to offset federal tax refunds to

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DOR Adopts Consolidated Income Tax Regulation

The Georgia Department of Revenue has adopted a new regulation (560-7-3-.13) that substantially changes the rules for filing a consolidated income tax return.

The new regulation impacts tax years beginning on or after January 1, 2002.

The regulation continues the requirement for corporations to file a consolidated Georgia return when all members of an affiliated group of corporations file a consolidated federal income tax return and all their income is derived from sources within Georgia.

Additionally, a group of affiliated corporations that files a consolidated federal return and derives income from sources both within and outside Georgia can request permission to file a consolidated Georgia income tax return. The Georgia consolidated group will consist of all members that are subject to Georgia income tax. The request must be submitted to the Department of Revenue at least 75 days before the Georgia return's due date or at least 75 days prior to filing the return, whichever occurs first.

Applications received within the 75-day window but prior to the return's due date or prior to the return being submitted will be reviewed as time permits. However, the Department does not guarantee a response.

Previously the Department conducted a field visit when it received a request requiring further review. However, because

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Commissioner's Letter

As we move into the peak of the 2003 individual income tax-filing season, the Department continues to encourage all tax filers to file electronically. Electronic filing has been proven to speed up refunds and also ensures that returns are accurately entered into our tax-filing system, which ultimately benefits you, your clients and the state. Since the electronic filing program's inception in 1996, the percentage of filers using this option has steadily risen. We predict that Georgia will accomplish another electronic filing milestone during the 2003 filing season when we estimate more than half of all returns processed will be filed electronically. Last year, 42



Commissioner Jackson

percent of Georgia's 3.6 million returns were filed and processed electronically.

For those professional tax preparers who choose not to file electronically, we encourage you to submit paper returns with a 2-D bar code printed on the form. While not offering all the advantages of electronic filing, use of the bar code can still shorten your client's wait for a refund by two to four weeks.

Beginning in 2003, Georgia will participate for the first time in the federal offset program, which has been successfully employed by other states as a method to collect outstanding state income tax liabilities. As of September 2002, participating states had collected \$112.6 million from individual federal returns. The Department has also recently adopted a new regulation, which substantially changes the rules for filing a consolidated in-

come tax return. Articles discussing both of these topics are on page 1.

As a reminder, the Department's web site at www.gatax.org should be your first stop for general information, forms and other tax related documents. If further information or assistance is needed, please contact one of our 11 field offices located throughout the state. Information on how to reach those offices is also available at the web site.

Georgia continues to closely monitor the streamlined sales tax initiative. Representatives from 33 states and the District of Columbia met in Chicago on November 12 and adopted an Interstate Agreement that will simplify and streamline their sales and use tax administration. This effort is the culmination of over two years of work by various state revenue departments and industry leaders. The agreement provides for uniform definitions of tax terms and procedures as well as simplified registration, reporting and remittances rules. Implementation of this agreement by the states would reduce the administrative burden on many businesses, improve compliance and improve state and local government revenues.

Georgia Joins Federal Offset Program Continued from page 1

satisfy state tax deficiencies.

Last year, 24 of the 42 states levying a personal income tax participated in the offset program. According to the FMS, Idaho, Oregon, Montana, Vermont, Hawaii and Alabama also plan to join the program in 2003.

As federal income tax returns are filed and processed during the 2003 tax-filing season, the FMS database will cross-reference the list of delinquent Georgia taxpayers with taxpayers approved to receive a federal return. If a match occurs, the offset

program will flag the 2002 federal return, inform the taxpayer of the Treasury Department's action, and forward the refund payment to the Georgia Department of Revenue. Any money remaining after the state refund is subtracted will be sent to the taxpayer by the U.S. Treasury Department.

Statistics compiled by the Federation of Tax Administrators through September show that over \$112.6 million in federal tax refunds were offset last year and applied to states' tax debts.

DOR Touts Electronic Filing Continued from page 1

(Laser Systems).

Georgia taxpayers can use any of the following methods to file electronically: have their taxes prepared by a professional who is a registered electronic returns originator with the Internal Revenue Service; via telephone; or on-line using a personal computer.

Individuals, who may be eligible to file by telephone, will receive TeleFile booklets from the IRS and the State of Georgia. Goolsby explained that "the booklets cannot be requested and individuals cannot file by telephone without the IRS TeleFile booklet."

This year, Georgia taxpayers can electronically file their original state return separate from their federal return. However, the federal return must be filed before the state return is filed. Previously, electronic filing required the federal and state returns to be filed simultaneously.

Also new this year is free Internet filing for qualifying taxpayers. Additional information and access to the tax preparation software is available on line at either www.irs.gov or www.firstgov.gov.

"Electronic filing offers an accurate, secure and fast alternative to paper filing," Goolsby concluded.

Individuals needing assistance with either their electronic or paper return can contact one of the Department's 11 regional offices, visit the DOR website at www.gatax.org, or call 404-417-4477 within the metro Atlanta area. Outside the metro area call 877-602-8477.

The Revenue Quarterly is a publication of the Georgia Department of Revenue. Comments, suggestions and mailing list additions or corrections should be addressed to the Georgia Department of Revenue, Public Information Office, 1800 Century Center Boulevard, Suite 15114, Atlanta, GA 30345-3205. The telephone number is 404-417-2106. Address e-mail to cwwilley@gatax.org.

File Electronically

Counties Meet LOST Deadline

All 146 Georgia counties that impose a Local Option Sales Tax submitted a renegotiated certificate of distribution to the Georgia Department of Revenue by the December 30 deadline.

Georgia law requires the county and certain municipalities within the county to renegotiate how the monies generated by the LOST are to be divided within two years following a decennial census. The renegotiated certificate of distribution remains in effect for 10 years or until a county and its municipalities submit a new distribution allocation to the Department of Revenue.

The Local Option Sales Tax, which was enacted in 1975, is imposed within a county through a local referendum. Receipts from the one-percent tax are used to provide general operating funds for the counties and certain municipalities that impose the tax.

A searchable chart showing each Georgia county's sales tax rate is available on line at www2.state.ga.us/departments/dor/salestax/index.shtml.

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DOR Adopts Consolidated

of the increased volume of expected requests and the current budget situation, field reviews may not be possible in many instances. Therefore, the Department is requesting that more information be included in the consolidated return request form.

Under the new regulation, a request only needs to be submitted once. It remains in effect until the Revenue Commissioner revokes his permission or the affiliated group of corporations quits filing a consolidated federal return.

The request must be submitted using Revenue Form IT-CONSOL (Application for Permission to File Consolidated Georgia Income Tax Return). The form and regulation can be downloaded from the Department's website at www2.state.ga.us/departments/dor/inctax/.

For additional information visit the DOR website at www.gatax.org or call 404-417-2400.

2003 Sales And Use Tax Seminar Schedule

During the year, the Department's Sales and Use Tax Division conducts free one-day sales and use tax taxpayer awareness seminars throughout the state.

The seminars cover the latest changes in sales and use tax law, local taxes, audit and form preparation and other areas of interest.

Below is the 2003 schedule. Additional information is available on the Department's website www.gatax.org or by calling 404-412-6628.

Date	Location	Call To Register	E-mail To Register
January 28	Douglasville	770-836-6610	sbdcinfo@westga.edu
February 18	Valdosta	229-245-3738	egricket@valdosta.edu
March 5	Dalton	706-272-2700	kbrown@sbdc.uga.edu
March 19	Columbus	706-649-7433	sreid@sbdc.uga.edu
March 25	Statesboro	912-681-5551	conted@gasou.edu
April 16	Athens	706-542-2134	brickm@gactr.uga.edu
April 29	Kennesaw	770-423-6450	ctehrani@coles2.kennesaw.edu
May 7	Dublin	912-681-5551	conted@gasou.edu
May 15	Rome	706-295-6326	SBDC@Floyd.edu
May 22	Albany	229-420-1144	ktedrick@sbdc.uga.edu
June 5	Decatur	404-373-6930	npicarda@sbdc.uga.edu
June 17	LaGrange	706-649-7433	sreid@sbdc.uga.edu
July 23	Carrollton	770-836-6610	sbdcinfo@westga.edu
July 31	Gainesville	770-531-5681	bwilliams@sbdc.uga.edu
August TBD	Morrow		
August 21	Lawrenceville	770-806-2124	sbdcgw@sbdc.uga.edu
August 26	Kennesaw	770-423-6450	ctehrani@coles2.kennesaw.edu
September 3	Atlanta	404-651-3550	sbdrec@langate.gsu.edu
September TBD	Savannah	912-651-3200	
September 17	Newnan	770-836-6610	sbdcinfo@westga.edu
October 1	Columbus	706-649-7433	sreid@sbdc.uga.edu
October 22	Macon	478-751-6592	egwaltney@sbdc.uga.edu
November 6	Athens	706-542-2134	brickm@gactr.uga.edu
November 13	Augusta	706-737-1790	cboisclair@sbdc.uga.edu
December 2	Americus	229-931-2091	sbdc@canes.gsw.edu

Georgia Department of Revenue
Public Information Office
1800 Century Center Boulevard
Suite 15114
Atlanta, GA 30345-3205
Address Services Requested

File Electronically

Collections Down 3.9% For First Half Of Fiscal Year

State Revenue Commissioner T. Jerry Jackson announced on January 7 that collections for the first six months of fiscal year 2003 totaled \$6,076,779,926.39 compared to \$6,324,246,753.14 for the same period in fiscal year 2002, a decrease of \$247,466,826.75. The

percentage decrease for the fiscal year is 3.9 percent.

Collections for the month of December 2002 totaled \$1,072,438,381.23 compared to \$1,044,037,438.09 for December 2001, an increase of \$28,400,943.14. The percentage increase for the month is 2.7 percent.

Net Revenue Collections for Fiscal Year 2003 To Date (Unaudited)

	FY 2003 YTD	FY 2002 YTD	Increase/(Decrease)	% Change
Sales and Use Taxes	\$2,194,795,058.55	\$2,315,319,571.54	(\$120,524,512.99)	-5.2%
2nd Motor Fuel Tax	\$104,634,329.28	\$105,468,098.81	(\$833,769.53)	-0.8%
Motor Fuel Tax/Fees	\$231,948,702.58	\$232,912,918.44	(\$964,215.86)	-0.4%
Individual Income Tax	\$3,161,489,565.48	\$3,232,557,371.12	(\$71,067,805.64)	-2.2%
Corporate Income Tax	\$163,283,523.70	\$196,631,028.66	(\$33,347,504.96)	-17.0%
Cigar Cigarette Tax/Fees	\$37,765,821.23	\$44,144,637.12	(\$6,378,815.89)	-14.4%
Liquor Tax/Fees	\$18,534,905.01	\$18,148,238.44	\$386,666.57	2.1%
Malt Beverage Tax/Fees	\$37,067,111.28	\$36,828,348.93	\$238,762.35	0.6%
Estate Tax	\$47,919,721.21	\$61,457,227.03	(\$13,537,505.82)	-22.0%
Property Tax	\$34,609,919.15	\$27,795,813.67	\$6,814,105.48	24.5%
Wine Tax/Fees	\$9,917,865.85	\$8,409,644.10	\$1,508,221.75	17.9%
Other	\$41,406,764.44	\$6,428,951.68	\$34,977,812.76	544.1%
Balance of Unallocated - Tax/Fees	(\$6,593,361.37)	\$38,144,903.60	(\$44,738,264.97)	-117.3%
Totals	\$6,076,779,926.39	\$6,324,246,753.14	(\$247,466,826.75)	-3.9%

Visit DOR's Website At www.gatax.org